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RUEHJI/AMCONSUL JEDDAH PRIORITY 0971
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STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

- [1](#). Aftermath of Israeli Elections
- [2](#). Mideast

Key stories in the media:

The Jerusalem Post reported that some European leaders and many influential voices in the Arab world are full of Qgloom-and-doom predictions about Benjamin Netanyahu's future government coalition.

All media quoted DM and Labor Party Chairman Ehud Barak as saying yesterday after his meeting with Netanyahu that QVoters sent us to the opposition Q that was their verdict and we respect it.Q For his part, Netanyahu insisted that the Qnation wants unity.Q HaQaretz reported that Netanyahu still hopes to form a unity government with Kadima and that he is planning to offer its leader Tzipi Livni to help him draft the criteria that other parties must accept in joining the coalition. In doing so, Netanyahu is signaling to Livni that he is willing to be flexible regarding his own policies, as well as obligations he has made to potential right-wing coalition allies. Netanyahu and Livni are scheduled to meet for the second time on Friday, but sources close to the Kadima leader expressed skepticism Monday over whether the meeting could bear fruit. Leading media reported that Netanyahu will meet today with one of his most prominent political rivals, Finance Minister Roni Bar-On of Kadima, for talks that sources close to both lawmakers described as economically-oriented. HaQaretz reported that Netanyahu is expected to use the meeting to emphasize his belief that the national economic downturn has not yet hit bottom, another challenge demanding national unity. The Jerusalem Post reported that Netanyahu told the Likud Knesset faction that he will not wait forever for the formation of a unity government. Yediot reported that Kadima will introduce bills Q on a change in the political system and civil marriages -- meant to embarrass Yisrael Beiteinu.

The media cited DM Ehud BarakQs anger over the dismissal by PM Ehud Olmert of Amos Gilad from his position as negotiator with Egypt on issues pertaining to Hamas. Media reported that Olmert has appointed a QtriumvirateQ -Q the PMQs diplomatic advisor Shalom Turgeman, Shin Bet head Yuval Diskin, and Ofer Dekel, who has been handling the talks on Gilad Shalit.

The Jerusalem Post quoted Israeli defense officials as saying that the Defense Ministry is concerned that President Obama will cut military aid to Israel in an effort to pressure the new government to take action against illegal outposts and settlement construction.

The Jerusalem Post also reported that Rep. Brian Baird (D-WA), who visited Gaza last week, plans to brief the U.S. administration and fellow members of Congress about his trip, saying that the U.S. should pressure Israel regarding border closures and reconsider its military support for Israel.

Maariv and HaQaretz (the latter citing a senior State Department official) reported that Secretary of State Hillary Clinton will announce in Cairo that the U.S. will grant around \$900 million for the reconstruction of Gaza. Maariv reported that Clinton will tell IsraelQs top officials that the U.S. will be involved in the Middle East and seek an end to the conflict.

The Jerusalem Post reported that yesterday Jerusalem Mayor Nir Barkat met with U.S. Consul General Jacob Walles. BarkatQs office reported that the Mayor expressed hope that the U.S. would move its embassy to the capital during the Obama administration.

Israel Radio reported that Hamas demands that the PA and Fatah stop their security cooperation with Israel. The Jerusalem Post cited a document prepared by the office of Government Activities in the Territories that Marwan Barghouti would not succeed in uniting Palestinian factions if he were released from Israeli prison.

All media reported that the members of the 18th Knesset will be sworn in today.

HaQaretz reported that a recent U.S. National Intelligence Council report suggests that Egypt has lost its superior status among Arab states, and that leadership in the Middle East is passing to Saudi Arabia despite the kingdom's efforts to avoid it.

Maariv reported that the American X-ray radar system installed in the Negev a few months ago is now operational. The daily quoted a reserves IDF officer as saying that the systemQs precision has considerably improved and that the residents of southern Israel are much safer.

Yediot reported that the Defense Ministry stands to lose hundreds of millions of dollars, following IsraelQs refusal to purchase F-35 stealth jet fighters under U.S. conditions.

Media reported that yesterday two Qassam rockets exploded in Israel.

Maariv reported that far Right activist Noam Federman is suing Col. Noam Tibon in the U.S. (Federman's wife is an AmCit). Tibon commanded the evacuation of Federman's illegal West Bank outpost a few months ago.

HaQaretz reported that 104 Israeli academics employed at educational institutions around the world returned to Israeli universities this year, according to figures released yesterday by the Council for Higher Education and the Finance Ministry. The newspaper reported that, among other reasons, the economic crisis in the U.S. spurred Israeli academics to return.

The media highlighted the effects of the deepening recession, notably the possible closure of the Pri Hagalil agricultural produce processing plant in the Galilee.

All media reported that yesterday the Bank of Israel lowered its discount rate by 0.25% -- to 0.75%. Stanley Fischer, the bank's governor, hinted that this was his last such step and that he was considering taking different measures in the future.

HaQaretz reported that Isramco Oil and Gas is due to receive the exploration rights to the Daniel permit area off the Dan region coast (around Tel Aviv). The exploration started in the wake of the discovery of a gas field off the Haifa shore.

1. Aftermath of Israeli Elections:

Summary:

The independent, left-leaning Ha'aretz editorialized: QIf [Tzipi Livni] is unable to influence the new government's diplomatic direction, she must lead the opposition and convince the public to support her path.

Senior columnist and longtime dove Yoel Marcus wrote in Ha'aretz: Q[The] dead-end can be breached if [Netanyahu and Livni] build a rotation government (two years Netanyahu, two years Livni) on the basis of agreed guidelines that allow Kadima one hand on the whip and the other on the bridle.

Block Quotes:

I. "Livni, DonQt Give In"

The independent, left-leaning Ha'aretz editorialized (2/24): QAt their meeting Sunday night, Livni demanded Netanyahu accept the two-state solution and agree in principle to the establishment of a Palestinian state. Netanyahu has always opposed this, and still does.... Livni's public positioning of herself at the head of the Israeli peace camp during the election campaign, along with her insistence on a different kind of politics, Q obligate her to stick to her principles -- first and foremost her call to advance the negotiations with the Palestinians. If she is unable to influence the new government's diplomatic direction, she must lead the opposition and convince the public to support her path.

II. "Never Say Never"

Senior columnist and longtime dove Yoel Marcus wrote in Ha'aretz (2/24): QNetanyahu understands that sooner or later [a narrow right-wing government] is likely to transform the principle of two states for two peoples into one state for two peoples, as in South Africa. Regardless of how much we bomb Gaza, enough Arabs will remain to form the majority we fear. Netanyahu is hardly elated at the prospect of forming a right-wing government with Lieberman as a senior partner -- he of the poisoned pearls of wisdom -- and prefers a wider government with Kadima. Kadima faces twin dangers: If it moves to the opposition, it is likely to crumble. If it joins a Netanyahu-led government, Livni risks being seen as having misled her electorate. This dead-end can be breached if the two build a

rotation government (two years Netanyahu, two years Livni) on the basis of agreed guidelines that allow Kadima one hand on the whip and the other on the bridle. This arrangement would also make it easier for Netanyahu to break free of his dependence on the diktats of the rightist parties. In the meantime, Livni isn't budging an inch from her stated position, and it's hard to believe the two party leaders will have a partnership by tomorrow morning. As John Kerry said when asked if he would run for president again, QNever say never.

12. Mideast:

Summary:

The nationalist, Orthodox Makor Rishon-Hatzofe editorialized: QDuring the election campaign, Tzipi Livni boasted about her opening the window to a dove. This is a good slogan for an election campaign, but she and the diplomatic-security establishment are well aware that there is no dove on the windowsill.

Palestinian affairs correspondent Khaled Abu Toameh wrote in the conservative, independent Jerusalem Post: QA new Palestinian unity government would mean victory for Hamas.

The Jerusalem Post editorialized: QThough Israel purchases arms from dozens of sources, [Amnesty InternationalQs] boycott call is really aimed at the Obama administration.

Block Quotes:-----

1I. "No Dove in the Windowsill"

The nationalist, Orthodox Makor Rishon-Hatzofe editorialized (2/24): QHamasQs takeover of Gaza and its turning into a further player in the Iranian axis, which also threatens Egypt and Jordan, has signaled the great dangers inherent in granting the Palestinians independence. The reality that emerged in Judea and Samaria [i.e. the West Bank], with de-facto full Israeli rule, indicates the sizeable advantages in keeping that undetermined reality intact. Accrued experience in these areas has in effect brought to an end the diplomatic process -Q regardless of the stances of the outgoing, or the incoming, government. During the election campaign, Tzipi Livni boasted about her opening the window to a dove. This is a good slogan for an election campaign, but she and the diplomatic-security establishment are well aware that there is no dove on the windowsill. The outgoing government, which served in a peace-seeking term through two wars, is excellent evidence of that.

II. "In a Palestinian Unity Government, Hamas Wins"

Palestinian affairs correspondent Khaled Abu Toameh wrote in the conservative, independent Jerusalem Post (2/24): QEven if Hamas agrees to form a unity government with Fatah, this does not mean that the Islamist movement would change its overall strategy or soften its position on the Israeli-Arab conflict.... [Next weekQs Fatah-Hamas] talks are not aimed at persuading Hamas to change its ideology or recognize Israel's right to exist or renounce terrorism.

Instead, they are designed to find a formula that would allow the two parties to sit together in a unity government whose primary mission would be to rebuild, with the help of the international community, houses and institutions in the Gaza Strip that were destroyed during Operation Cast Lead. Fatah leaders have already made it clear that they are not going to the talks to ask Hamas to make any Qpolitical concessionsQ.... A new Palestinian unity government would mean victory for Hamas for two reasons: one, the movement would not be required to make any major political concessions and, two, a unity government would turn the movement into a legitimate and internationally recognized player in the Palestinian arena. Ironically, the same forces that have been working so hard over the past three years to delegitimize Hamas are now helping the movement win the international recognition that it is so desperate to gain.

III. "No Pardon for Amnesty"

The Jerusalem Post editorialized (2/23): Yesterday, Amnesty International, the world's premier human rights brand, called for the destruction of Israel. We're overdramatizing? Were AI to get its way, the UN Security Council would impose a comprehensive arms embargo on the world's only Jewish state -- but not on any of the 22 member states of the Arab League, or on Iran. Over time, Israel would find it impossible to defend itself against conventional or WMD threats stemming from hostile states or Palestinian and Islamist terror organizations.... Though Israel purchases arms from dozens of sources, AI's boycott call is really aimed at the Obama administration.... Amnesty does much good work.... In calling on the U.S. and UN to rob Israel of its ability to defend itself, Amnesty International is speaking in the name of its leaders and benefactors. Silence is acquiescence. Or they can dissociate themselves from one of Amnesty's biggest errors in judgment.

CUNNINGHAM